



Luxury upgrade accelerates with trendy brands expanding

Operators keep lowering rental expectations.

- The market welcomed the opening of Wuhan SKP and Wanda Plaza (Han Street) in Q3/2024, which brought 280,000 sqm of new supply, pushing the total stock to 8.53 million sqm.
- The market proactively looked for new growth. Luxury and domestic trendy retail brands have emerged. Restaurants with regional characteristics enriched the F&B sector's diversity. Meanwhile, the services sector has seen growth with hair care and indoor entertainment tenants.
- Driven by newly opened projects, leasing activity performed well. The citywide vacancy rate edged down 0.5 ppts QoQ and decreased 2.2 ppts YoY to 9.9%.
- Developers kept lowering rent expectations to attract ideal tenants. Shopping mall ground-floor rents declined 0.6% QoQ and 1.4% YoY to an average of RMB 355.8 psm pmth by Q3/2024.
- Looking ahead to the rest of 2024, Wuhan's retail property market will see the opening of Qincheng MixC One. The annual delivery is anticipated to be nearly 1 million sqm, which will accelerate Wuhan's construction of an international consumption city.

“In Q3/2024, the Wuhan retail market witnessed the opening of Wuhan SKP and Wanda Plaza (Han Street). The city's high-end retail landscape continues to benefit from the new supply.”

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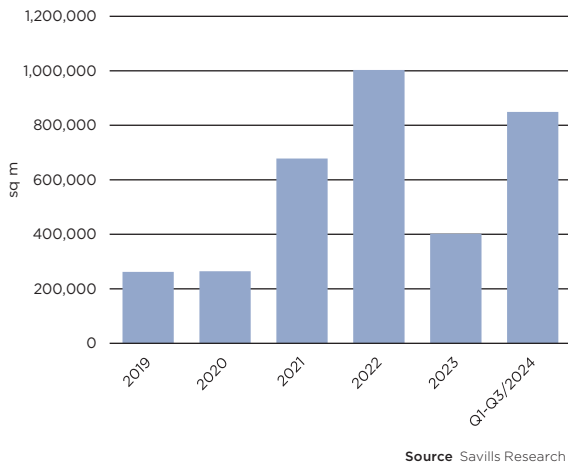
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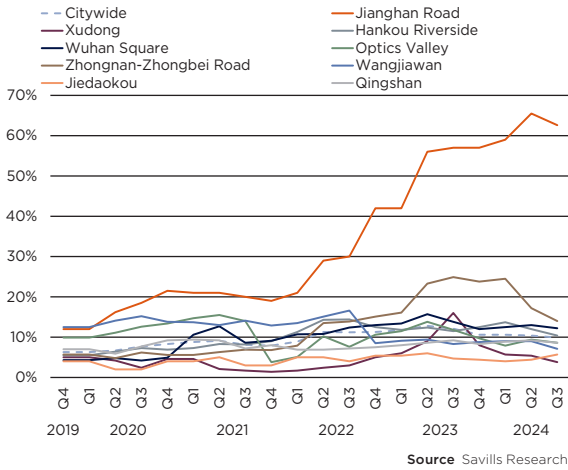
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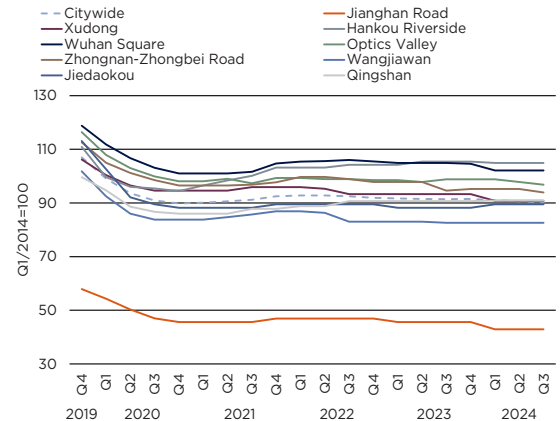
GRAPH 1: Retail Supply, 2019 To Q3/2024



GRAPH 2: Submarket Vacancy Rates, Q4/2019 To Q3/2024



GRAPH 3: Submarket Rental Indices, Q4/2019 To Q3/2024



SUPPLY AND DEMAND

Wuhan retail market welcomed the opening of Wuhan SKP and Wanda Plaza (Han Street) in Q3/2024, which brought 280,000 sqm of new supply, pushing the total stock to 8.53 million sqm.

Wuhan SKP, as the first high-end retail project in Wuchang, facilitated the luxury matrix to take shape in Wuhan. Its opening brought luxury jewelry and cosmetics brands such as Graff and Breguet. Domestic trendy retail is rising with plenty of first stores. Out of Stock, Beerbro, Rock&Ride opened in popular shopping malls. Gen Z is driving the boom of lifestyle businesses; Tagi debuted at Wuhan Tiandi, and Top Toy expanded multiple stores within the quarter.

A number of new wine and beverage brands, such as Cha Li Xiong, KOI, and Danma Tea House, have made their debuts at benchmark shopping malls as a result of the summer economy. Restaurants with regional characteristics enriched diversity in the F&B sector.

The popularity of leisure dining with health attributes continues to rise. WS Dream Plaza introduced debut of Chua Lam’s Dim Sum’s first store in the Central China, and Wuhan Tiandi settled Gonglu Tea&Hotpot. With consumers’ increasing attention to personal care and health, the services sector experienced rapid growth.

VACANCY RATES AND RENTS

Driven by newly opened projects, leasing activity performed well. The citywide vacancy rate edged down 0.5 ppts QoQ and decreased 2.2 ppts YoY to 9.9%.

Developers kept lowering rent expectations to attract ideal tenants. Shopping mall ground-floor rents declined 0.6% QoQ and 1.4% YoY to an average of RMB 355.8 psm pmth by Q3/2024. The average rent in the emerging area decreased 1.0% QoQ, while the prime and secondary areas dipped 0.4% and 0.2%, respectively.

MARKET OUTLOOK

Looking ahead to the rest of 2024, Wuhan’s retail property market will see the opening of Qincheng MixC One. The annual delivery is anticipated to be nearly 1 million sqm, which will accelerate Wuhan’s construction of an international consumption city.

TABLE 1: Selected Retail Projects, 2024

PROJECT	RETAIL GFA (SQ M)	TYPE	AREA
Qincheng MixC One	115,000	Shopping mall	Xudong Avenue

Source: Savills Research